World Production and Trade

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Foreign Agricultural Service
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Weekly Roundup
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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

THAILAND's record corn crop forecast at 5.15 million tons by the U.S. agricultural attache in Bangkok could result in exports some 30 percent more than the 2.8 million tons estimated for 1984/85 (Oct./Sept.). Efforts are being made to decrease aflatoxin levels in Thai corn by making improvements in handling and drying procedures. In spite of a price advantage and handling improvements, Thai corn will have to compete with large exportable supplies of corn from China, the United States and Argentina in major Far East markets.

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Grain harvests in FRANCE, the UNITED KINGDOM, the FEDERAL REPUBLIC OF GERMANY and IRELAND have suffered from earlier wet weather resulting in possible quality problems for both barley and wheat. This could result in European Community (EC) imports of high-quality malting barley from North America, but could also mean greater quantities of feed barley available for export in 1985/86 (Oct./Sept.) that may compete with U.S. coarse grains on the world market. Barley exports in 1984/85 (Oct./Sept.) were forecast at a record 7.0 million tons after an average of only 3.7 million tons in the previous three years. A poor quality barley harvest could further depress world and EC domestic prices, but could also lower EC export subsidy costs.

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SPAIN, which was expected to export 800,000 tons of subsidized barley in 1985/86 (July/June), has temporarily stopped issuing barley export licenses because of domestic price increases. The $34.3-million subsidy program was an attempt to avoid a glutted domestic market and depressed internal prices. Prices had already fallen to near the support price by late June. However, the announcement of the program resulted in a flood of license requests, well over the 600,000-ton ceiling, causing the fear of some local shortages and further price increases.

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EUROPEAN COMMUNITY export authorizations for wheat and barley in 1985/86 (Aug./July) are sharply behind last year's levels at this time, a result of depressed global demand for imported grain. Wheat authorizations total less than 200,000 tons, only 5 percent of the 3.8 million tons authorized by mid-August last year. Barley authorizations are nearly 600,000 tons as compared to 2.1 million tons. EC wheat supplies are abundant as illustrated by repetitive French bids for export authorizations of over a million tons at weekly tenders. Current EC wheat restitutions of $36 per ton are more than double last year's levels, but still well below French requests. The Commission appears to be concerned with the budgetary effects of granting larger restitutions, as well as the prospects for increasing export sales.

DAIRY, LIVESTOCK AND POULTRY

Meat production in SELECTED COUNTRIES in 1985 is estimated at nearly 125 million tons, 2 percent above 1984; only a marginal increase is forecast in 1986. Gains are expected for all meats this year. However, a decrease in beef and veal production in 1986 is likely to nearly offset anticipated increases in pork, poultry meat, sheep and goat meat output.

Meat Production in Selected Countries

	1984	1985 1/	1986 2/
	--------Million Tons-------		
Beef and veal	42.0	42.4	41.4
Pork	51.8	52.9	53.6
Sheep and goat	4.5	4.6	4.7
Total red meat 3/	98.3	99.9	99.7
Poultry meat	24.1	24.9	25.6
Total meat 3/	122.3	124.8	125.3

1/ Estimate. 2/ Forecast. 3/ Totals may not add due to rounding.

World beef and veal production is estimated to be up slightly in 1985, but is forecast to drop 1.0 million tons in 1986 due largely to expected lower output in the United States and the European Community. Beginning 1986 cattle numbers are forecast to be down due to herd reductions this year in the United States, EC, Argentina, Canada and the Soviet Union.

U.S. cattle numbers are expected to fall this year because of poor returns for cow-calf operators and the poor financial condition of the farm sector. U.S. beef production in 1985 is estimated to be down slightly. For 1986, beef production is forecast to fall nearly 700,000 tons as a result of lower slaughter and lighter weights.

In the EC, cattle numbers are expected to fall more than 1 million head in 1985 due to herd culling in response to the five-year milk quota program. Beef production for 1985 is likely to fall about 90,000 tons from the record 1984 level as dairy cow slaughter slows. For 1986, beef production is forecast to fall about 375,000 tons as herd rebuilding begins.

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In Argentina, a 1.0-million-head decline in cattle numbers is estimated for this year. Near-record low cattle prices, domestic beef price controls, the reinstatement of beef export taxes and an overvalued currency have discouraged beef producers.

In the Soviet Union, beef production for 1985 is estimated up by 200,000 tons as cattle numbers are expected to decline for the first time since 1980. The Soviets are culling less productive cattle partly because of a drawdown in feed supplies caused by last winter's severe weather. In 1986, a smaller expansion in beef production is forecast.

In Canada, drought problems in the west are causing higher cow slaughter levels. Beef production for this year is currently estimated at about the 1984 level.

In Australia, cattle herd rebuilding has been slowed by dry weather in Queensland. Slaughter levels in this area have been higher than expected.

Cattle and Buffalo Numbers and Beef Production 1/

	Beginning Cattle Inventory			Beef and Veal Production		
	1984	1985	1986 2/	1984	1985 2/	1986 3/
	------Million Head----			-----Million Tons-----		
United States	113.7	109.8	107.0	10.9	10.8	10.1
Canada	11.4	11.0	10.6	1.0	1.0	1.0
EC-10	79.4	78.5	77.4	7.4	7.3	6.9
East Europe	37.8	37.7	37.6	2.5	2.5	2.5
Soviet Union	119.6	120.8	120.4	7.2	7.4	7.5
Argentina	58.6	58.8	57.9	2.6	2.7	2.6
Uruguay	9.5	9.9	10.6	0.3	0.3	0.3
Australia	22.2	23.0	23.7	1.2	1.3	1.4
New Zealand	7.6	7.8	8.0	0.5	0.5	0.5
Total of 51 countries 4/	963.2	965.5	963.9	42.0	42.4	41.4

1/ Includes buffalo numbers and meat production. 2/ Estimate. 3/ Forecast.
4/ Includes revision for India data series since last reported.

World pork production in 1985 is estimated to be up 1.1 million tons with China accounting for nearly all of the increase. Another increase in pork production is forecast in 1986 although expansion in China is expected to slow. Beginning 1986 hog numbers are forecast to be down about 5.1 million head with the United States, China and the Soviet Union expected to account for most of the decrease.

In China, pork production in 1985 is estimated at 15.5 million tons--1.0 million tons above last year's level. The termination of state control over the pork market on Jan. 1, 1985, and the resulting increase in hog and pork prices are among the reasons for higher output. This year's heavy slaughter is expected to cause inventory levels to fall and slow expansion in pork production in 1986.

EC pork production is estimated to be up this year and forecast to continue to expand in 1986. This expected growth in EC production is based on current low feed prices and good export prospects especially for Denmark and the Netherlands.

In the Soviet Union, a decline in both hog inventories and pork production is expected for 1985 due to a tight feed situation. Pork production in 1986 is forecast to recover but remain at or below the 1984 level.

U.S. pork production in both 1985 and 1986 is forecast to fall slightly despite lower feed costs. Because of continued serious farm financial problems, a turnaround in pork output is likely to be slower than usual.

Hog Numbers and Pork Production

	Beginning Hog Inventory			Pork Production		
	1984	1985	1986 1/	1984	1985 1/	1986 2/
	------Million Head----			-----Million Tons-----		
United States	56.7	54.0	52.0	6.7	6.7	6.6
Canada	10.7	10.9	10.8	0.9	0.9	0.9
EC-10	79.2	79.6	80.1	9.8	10.0	10.2
East Europe	73.3	73.5	73.3	6.7	6.7	6.7
Soviet Union	78.7	77.8	76.5	5.8	5.6	5.8
China	298.5	306.8	303.6	14.5	15.5	15.8
Total of 37 countries	700.8	706.1	701.0	51.8	52.9	53.6

1/ Estimate. 2/ Forecast.

Sheep and goat meat production for 1985 is estimated up by about 3 percent because of expected higher output in Australia and New Zealand. For 1986, production is forecast to be up only slightly more that 1 percent because of an expected drop in New Zealand's production.

In Australia, sheep meat production in 1985 is estimated up by 14 percent as herd growth slows due in part to dry weather in the eastern part of the country. Sheep meat production in 1986 is forecast to rise 12 percent based on an expected good lamb crop and higher lamb slaughter.

In New Zealand, sheep meat production in 1985 rose 6 percent, primarily due to a record lamb crop in 1984/85. Sheep meat production in 1986 is forecast to decrease because of an expected smaller lamb crop.

Soviet sheep numbers are expected to fall this year due largely to last year's severe winter weather conditions. Although conditions have improved in sheep grazing areas, inventory declines are expected to continue due in part to increased slaughter to fill domestic demand because of Soviet cutback in sheep meat imports.

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Sheep Numbers and Goat and Sheep Meat Production

	Beginning Sheep Inventory			Sheep and Goat Meat Production		
	1984	1985	1986 1/	1984	1985 1/	1986 2/
	------Million Head----			-----Million Tons-----		
Soviet Union	145.3	142.4	139.0	0.8	0.8	0.8
Australia	139.2	148.9	152.5	0.5	0.5	0.6
New Zealand	70.3	69.7	69.5	0.6	0.7	0.6
Total of 29 countries 3/	684.8	687.0	690.1	4.5	4.6	4.7

1/ Estimate. 2/ Forecast. 3/ Includes revisions for India data series since last reported.

World poultry meat production is expected to expand 3.5 percent in 1985, largely due to strong growth in the United States, a partial recovery in Brazil from last year's downturn and further growth in the Soviet Union, although at a slower rate. Continued growth in world output is forecast in 1986, but at a slower pace with the United States, the Soviet Union, and the EC expected to account for most of the increase.

World egg production for 1985 is estimated up by 1 percent, about the same as in 1984, as many countries are experiencing low profit margins. Spain's production is expected to partially recover from last year's sharp decline as improved producer prices and reduced mixed feed costs stimulate output. Production in Japan is expected to increase nearly 1.5 percent as egg producers have increased their flock size to lower production costs. In the United States and the European Community, production this year is expected to be largely unchanged as prices have not been strong enough to encourage expansion.

World egg production in 1986 is forecast to approximate the 1985 level as declines in the EC and the United States are expected to be offset by small increases in other countries.

Poultry and Egg Production

	Total Poultry Meat			Eggs		
	1984	1985 1/	1986 2/	1984	1985 1/	1986 2/
	-----Thousand Tons-----			----Billion Units-----		
United States	7,435	7,841	8,246	68.5	68.4	67.9
Brazil	1,398	1,470	1,490	8.5	9.0	9.5
EC-10	4,261	4,281	4,325	70.4	70.6	70.1
Spain	792	805	810	10.1	10.9	11.2
Hungary	415	425	430	4.4	4.5	4.6
Soviet Union	2,635	2,700	2,800	76.0	76.6	77.0
Total 3/	24,065	24,889	25,576	356.6	361.0	360.8

1/ Estimate. 2/ Forecast. 3/ Includes 44 countries for poultry meat and 39 countries for eggs.

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World broiler production in 1985 is estimated at 18.9 million tons, up 4 percent from 1984. Production in the United States is estimated to up by 5 percent as producers take advantage of favorable broiler prices and lower feed costs. Canadian output continues to expand due to rising demand by fast food restaurants. No significant change in EC production is expected for this year. Output in France, the largest broiler producer and exporter in the EC, is expected to be down slightly in 1985 due to tight profit margins and a need to reduce stocks. Broiler output in Brazil is expected to recover somewhat in 1985 due to increased domestic demand. Soviet broiler output is estimated up by about 7 percent as the Soviets continue to give the poultry sector priority for better feeds and improved technology.

World broiler production in 1986 is forecast at 19.5 million tons with the United States, Brazil and the USSR expected to account for most of the growth. Broiler output is forecast to remain largely unchanged in the EC and Spain.

World turkey meat production in 1985 is estimated at 2.4 million tons, 4 percent above 1984. The increase expected in the United States is largely the result of favorable returns during 1984 and 1985. Production increases estimated for the United Kingdom and Germany are a result of further expansion in domestic demand. World production in 1986 is forecast at 2.5 million tons with growth in the EC and the United States expected to continue at about the same rate as in 1985.

Broiler and Turkey Meat Production

	Broilers			Turkey Meat		
	1984	1985 1/	1986 2/	1984	1985 1/	1986 2/
	-----Thousand Tons----			----Thousand Tons-----		
United States	5,902	6,219	6,549	1,218	1,288	1,372
Brazil	1,360	1,430	1,450	38	40	40
EC-10	2,888	2,897	2,917	734	747	769
Spain	724	750	750	17	18	19
Hungary	350	360	365	NA	NA	NA
Soviet Union 3/	1,450	1,550	1,650	87	95	100
Total 4/ 5/	18,189	18,925	19,484	2,327	2,426	2,530

1/ Estimate. 2/ Forecast. 3/ Series revised since last reported. 4/ Includes 36 countries for broilers and 20 countries for turkey. 5/ Includes new broiler production series for German Democratic Republic, Czechoslovakia, Romania and Thailand. Turkey production for Brazil is included for the first time.

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TOBACCO

The U.S. agricultural counselor in Beijing recently revised CHINA's production figures upward for flue-cured and burley tobacco. The revision calls for an increase of 7.5 percent in total unmanufactured tobacco for 1984, or 123,000 tons, from 1,650,000 tons to 1,772,995 tons, and a projected increase of nearly 10 percent for 1985, or 169,000 tons, from 1,770,000 to 1,939,000 tons. This has not dramatically changed China's export prospects for tobacco, as all of the increased production is going to consumption and increased stock levels. Chinese cigarette production has been increasing an average of 9 percent annually for the past few years, so the increased production is not out of line with projected needs. Chinese tobacco stock levels are now equal to about nine and a half months of consumption.

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Selected International Prices

Item	Sept. 3, 1985		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	159.00	4.33	+1.00	189.50
U.S. No. 2 DNS/NS: 14%....	152.50	4.15	+4.50	176.00
U.S. No. 2 S.R.W.	127.00	3.46	0	154.00
U.S. No. 3 H.A.D..........	165.00	4.49	+3.00	192.00
Canadian No. 1 A: Durum...	N.Q.	--	--	211.00
Feed grains:				
U.S. No. 3 Yellow Corn....	117.00	2.97	0	145.00
Soybeans and meal:				
U.S. No. 2 Yellow........	209.00	5.69	+2.50	256.50
Brazil 47/48% SoyaPellets	160.50	--	+4.50	162.00
U.S. 44% Soybean Meal....	154.50	--	+6.00	169.00
U.S. FARM PRICES 3/				
Wheat....................	105.08	2.86	+2.20	124.18
Barley...................	60.17	1.31	+1.38	86.81
Corn.....................	94.48	2.40	-.39	119.29
Sorghum..................	97.00	4.40 2/	--	101.63
Broilers 7/..............	1205.48	--	+1.42	1207.01
EC IMPORT LEVIES				
Wheat 5/.................	90.55	2.46	+2.65	59.25
Barley...................	88.95	1.94	-.95	55.55
Corn.....................	72.50	1.84	+.80	37.70
Sorghum..................	94.50	2.40	+1.50	68.35
Broilers 4/ 6/ 8/........	178.00	--	-3.00	171.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	143.50	3.91	-3.45	143.60
Bread wheat (min. quality)7/	153.45	4.18	-3.65	153.50
Barley and all other feed grains.......	143.50	--	-3.45	143.60
Broilers 4/ 6/...........	1198.00	--	+18.00	1125.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	36.05	.98	+2.90	13.60
Barley....................	49.75	1.08	+1.20	19.80
Broilers 4/ 6/ 8/.........	103.00	--	-1.00	101.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. N.A.=None authorized. N.Q.=Not quoted. Note: Basis September delivery.